

AMENDED IN SENATE JULY 11, 2013

AMENDED IN SENATE JULY 2, 2013

AMENDED IN ASSEMBLY APRIL 29, 2013

AMENDED IN ASSEMBLY MARCH 19, 2013

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 692

Introduced by Assembly Members Torres and V. Manuel Pérez

February 21, 2013

An act to amend Sections 50781, 50782, and 50786 of, and to add Section 50784.5 to, the Health and Safety Code, relating to mobilehomes, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

AB 692, as amended, Torres. Mobilehomes: loans.

Existing law authorizes the Department of Housing and Community Development to make loans from the Mobilehome Park Purchase Fund, a continuously appropriated fund, to qualified mobilehome park residents, resident organizations, and nonprofit housing sponsors or local public entities to finance conversion of the parks to resident ownership and to make monthly housing costs affordable. Existing law *requires a specified regulatory agreement to be recorded against the mobilehome park if a loan is made to a qualifying nonprofit housing sponsor or local public entity pursuant to these provisions. Existing law also* requires the provision of specified information to the department before making loans for mobilehome park conversions.

This bill would change the name of the fund to the Mobilehome Park Rehabilitation and Park Purchase Fund and authorize the department

to provide loans from the fund to the owner of a mobilehome park for the purpose of rehabilitating park infrastructure, including water, sewage, and electrical systems. The bill would specify that the purpose of these loans would also be to bring mobilehome parks into compliance with applicable health and safety standards. The bill would require the department to consider specified criteria in determining eligibility for, and the amount of, loans made from the fund. *The bill would require a regulatory agreement to be recorded against the mobilehome park if a loan is made to the owner of a mobilehome park and would require the agreement to contain provisions to prevent displacement of park residents.* The bill would also require the provision of specified information to the department before making these loans.

By authorizing a new purpose for the use of continuously appropriated funds, this bill would make an appropriation.

Vote: $\frac{2}{3}$. Appropriation: yes. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 50781 of the Health and Safety Code is
- 2 amended to read:
- 3 50781. Unless the context otherwise requires, the following
- 4 definitions given in this section shall control construction of this
- 5 chapter:
- 6 (a) “Affordable” means that, where feasible, low-income
- 7 residents should not pay more than 30 percent of their monthly
- 8 income for housing costs.
- 9 (b) “Conversion costs” includes the cost of acquiring the
- 10 mobilehome park, the costs of planning and processing the
- 11 conversion, the costs of any needed repairs or rehabilitation, and
- 12 any expenditures required by a governmental agency or lender for
- 13 the project.
- 14 (c) “Department” means the Department of Housing and
- 15 Community Development.
- 16 (d) “Fund” means the Mobilehome Park Rehabilitation and Park
- 17 Purchase Fund created pursuant to Section 50782.
- 18 (e) “Housing costs” means the total cost of owning, occupying,
- 19 and maintaining a mobilehome and a lot or space in a mobilehome
- 20 park. The department’s regulations shall specify the factors

1 included in these costs and may, for the purposes of calculating
2 affordability, establish reasonable allowances.

3 (f) “Individual interest in a mobilehome park” means any interest
4 that is fee ownership or a lesser interest that entitles the holder to
5 occupy a lot or space in a mobilehome park for a period of not less
6 than either 15 years or the life of the holder. Individual interests
7 in a mobilehome park include, but are not limited to, the following:

8 (1) Ownership of a lot or space in a mobilehome park or
9 subdivision.

10 (2) A membership or shares in a stock cooperative, as defined
11 in Section 11003.2 of the Business and Professions Code, or a
12 limited equity housing cooperative, as defined in Section 33007.5
13 of this code.

14 (3) Membership in a nonprofit mutual benefit corporation that
15 owns, operates, or owns and operates the mobilehome park.

16 (g) “Low-income resident” means an individual or household
17 that is a lower income household, as defined in Section 50079.5.
18 However, personal assets shall not be considered in the calculation
19 of income, except to the extent that they actually generate income.

20 (h) “Low-income spaces” means those spaces in a mobilehome
21 park operated by a resident organization, a qualified nonprofit
22 housing sponsor, or a local public entity that are occupied by
23 low-income residents.

24 (i) “Mobilehome park” means a mobilehome park, as defined
25 in Section 18214, or a manufactured home subdivision created by
26 the conversion of a mobilehome park, as defined in Section 18214,
27 including a senior park, to resident ownership or ownership by a
28 qualified nonprofit housing sponsor or local public entity.

29 (j) “Program” means the Mobilehome Park Rehabilitation and
30 Park Resident Ownership Program.

31 (k) “Qualified nonprofit housing sponsor” means a nonprofit
32 public benefit corporation, as defined in Part 2 (commencing with
33 Section 5110) of Division 2 of the Corporations Code, that (1) has
34 received its tax-exempt status under Section 501(c)(3) of the
35 Internal Revenue Code, (2) is not affiliated with or controlled by
36 a for-profit organization or individual, (3) has extensive experience
37 with the development and operation of publicly subsidized
38 affordable housing, (4) the department determines is qualified by
39 experience and capability to own and operate a mobilehome park
40 that provides housing affordable to low-income households, and

(5) has formal arrangements for ensuring resident participation or input in the management of the park that may include, but not be limited to, membership on the board of directors. “Qualified nonprofit housing sponsor” also means a limited partnership where all of the general partners are nonprofit mutual or public benefit corporations that meet the requirements of paragraphs (1) to (5), inclusive.

(l) “Resident organization” means a group of mobilehome park residents who have formed a nonprofit corporation, cooperative corporation, or other entity or organization for the purpose of acquiring the mobilehome park in which they reside and converting the mobilehome park to resident ownership. The membership of a resident organization shall include at least two-thirds of the households residing in the mobilehome park, or in each park of a combination of parks where the residents of two or more parks combine to form a single resident organization. The two-thirds of households in the resident organization at the time of funding the park need not be the same households that were residing in the park when the application for assistance was submitted to the department. A household’s membership in the resident organization when the application was submitted to the department shall not be a requirement for that household to receive a loan or assistance under this chapter.

(m) “Resident ownership” means, depending on the context, either the ownership by a resident organization of an interest in a mobilehome park that entitles the resident organization to control the operations of the mobilehome park for a term of no less than 15 years, or the ownership of individual interests in a mobilehome park, or both.

SEC. 2. Section 50782 of the Health and Safety Code is amended to read:

50782. (a) The Mobilehome Park Rehabilitation and Park Purchase Fund is hereby created in the State Treasury and, notwithstanding Section 13340 of the Government Code or any other law, is continuously appropriated to the department for the purpose of providing loans pursuant to this chapter and for related administrative costs of the department. Notwithstanding Section 16305.7 of the Government Code, any moneys received by the department pursuant to this chapter, and any other sources, repayments, interest, or new appropriations, shall be deposited in

the fund. Except as described in subdivision (b), moneys in the fund shall not be subject to transfer to any other fund pursuant to any provision of Part 2 (commencing with Section 16300) of Division 4 of Title 2 of the Government Code, except the Surplus Money Investment Fund. The department may require the transfer of moneys in the fund to the Surplus Money Investment Fund for investment pursuant to Article 4 (commencing with Section 16470) of Chapter 3 of Part 2 of Division 4 of Title 2 of the Government Code. Notwithstanding Section 16305.7 of the Government Code, all interest, dividends, and pecuniary gains from the investments shall accrue to the fund.

(b) Notwithstanding any other law, the Controller may use the moneys in the Mobilehome Park Rehabilitation and Park Purchase Fund for loans to the General Fund as provided in Sections 16310 and 16381 of the Government Code. However, interest shall be paid on all moneys loaned to the General Fund from the Mobilehome Park Rehabilitation and Park Purchase Fund. Interest payable shall be computed at a rate determined by the Pooled Money Investment Board to be the current earning rate of the fund from which loaned. This subdivision does not authorize any transfer that will interfere with the carrying out of the object for which the fund was created.

SEC. 3. Section 50784.5 is added to the Health and Safety Code, to read:

50784.5. (a) The department may make loans from the fund to the owner of a mobilehome park for the purpose of rehabilitating park infrastructure, including water systems, sewage systems, and electrical systems. The purpose of providing loans pursuant to this section is to bring parks into compliance with all applicable health and safety standards while maintaining the monthly housing costs for low-income residents at an affordable level.

(b) All of the following shall apply to loans provided pursuant to this section:

(1) Loans shall be for a term of no more than 30 years and shall bear interest at a rate of 3 percent per annum, unless the department finds that a lower interest rate is necessary and will not jeopardize the financial stability of the fund.

(2) The department may establish flexible repayment terms if the terms are necessary to reduce the monthly housing costs for

1 low-income residents to an affordable level, and do not represent
2 an unacceptable risk to the security of the fund.

3 (3) If the loan recipient changes the use of the park or sells the
4 park during the term of the loan, the remaining balance of the loan
5 shall be due in full.

6 (4) Loans shall be for the minimum amount necessary to bring
7 the park into compliance with all applicable health and safety
8 standards and maintain the monthly housing costs of low-income
9 residents at an affordable level.

10 (5) Funds shall not be used to reduce the monthly housing costs
11 for residents who are not of low-income, *income or to reduce*
12 monthly housing costs for low-income residents to less than 30
13 percent of their monthly income.

14 (6) Subject to the restrictions of this subdivision, funds may be
15 used to finance the costs of relocating a mobilehome park to a
16 more suitable site within the same jurisdiction if the department
17 determines that the cost of the relocation, including any and all
18 relocation costs to the affected households, is a more prudent
19 expenditure of funds than the costs of needed or repetitive repairs
20 to the existing park. Funds shall not be used to relieve a park owner
21 of any responsibility for covering the costs of mitigating the
22 impacts of a park closure as may be provided for by local ordinance
23 or pursuant to Section 65863.7 or 66427.4 of the Government
24 Code.

25 (c) In determining the eligibility for and amount of loans
26 pursuant to this section, the department shall take into
27 consideration, among other factors, all of the following:

28 (1) The current health and safety conditions in the park and the
29 likelihood that conditions would be remedied without the loan.

30 (2) The percentage of spaces in the park that are currently
31 occupied by low-income residents, which in no case shall be less
32 than 30 percent.

33 (3) The reasonableness of the costs relating to the repairs,
34 rehabilitation, construction, or other costs.

35 (4) Any administrative and security factors affecting the
36 department's program operation and administration.

37 (5) Whether or not the project complements the implementation
38 of a local housing program to preserve or increase the supply of
39 housing for persons and families of low or moderate income.

1 (6) Whether or not state funds are utilized in the most efficient
2 and effective manner.

3 (7) The age of the park and the age of the infrastructure that
4 will be rehabilitated with the loan proceeds.

5 (d) Before providing financing pursuant to this section, the
6 department shall require provision of, and approve, at least all of
7 the following:

8 (1) Verification that either no park residents shall be
9 involuntarily displaced as a result of the infrastructure rehabilitation
10 project or the impacts of the displacement shall be mitigated as
11 required under state and local law. For purposes of this
12 requirement, compliance with Section 66427.5 of the Government
13 Code shall be conclusively presumed to have mitigated economic
14 displacement.

15 (2) Projected costs and sources of funds for all rehabilitation
16 activities.

17 (3) Projected operating budget for the park after the
18 infrastructure rehabilitation project.

19 (4) A management plan for the operation of the park.

20 SEC. 4. Section 50786 of the Health and Safety Code is
21 amended to read:

22 50786. (a) The department shall adopt regulations for the
23 administration and implementation of this chapter.

24 (b) The department shall obtain the best available security for
25 loans made pursuant to this chapter. The security may include a
26 note, deed of trust, assignment of lease, or other form of security
27 on real or personal property that the department determines is
28 adequate to protect the interests of the state. To the extent
29 applicable, these documents and any regulatory provisions shall
30 be recorded or referenced in a recorded document in the office of
31 the county recorder of the county in which the mobilehome park
32 is located.

33 (c) The degree of continuing regulatory control with respect to
34 park operations and resident loans exercised by the department in
35 making loans pursuant to this chapter shall be commensurate with
36 the level of financial assistance provided and in all cases shall be
37 adequate to protect the state's security interest and ensure the
38 accomplishment of the purposes of the program authorized by this
39 chapter. The regulatory requirements shall be set forth in a
40 regulatory agreement, deed of trust, or other lien, and any violation

1 of these requirements shall be considered a violation of a security
2 document. If loans are made to a qualifying nonprofit housing
3 ~~sponsor or sponsor~~, a local public entity, or the owner of a
4 mobilehome park, a regulatory agreement shall be recorded against
5 the mobilehome park. This regulatory agreement shall contain
6 provisions limiting occupancy, rents, and park operation for the
7 ~~original~~ entire loan term. *In the case of a loan made to the owner*
8 *of a mobilehome park pursuant to Section 50784.5, this regulatory*
9 *agreement shall contain provisions to prevent displacement of all*
10 *residents.* The department may release individual spaces from the
11 regulatory agreement only if they are purchased by residents who
12 occupy them.

13 (d) Before providing financing for a park conversion pursuant
14 to this chapter, the department shall require provision of, and
15 approve, at least all of the following:

16 (1) Verification at the time of application and prior to funding
17 that at least two-thirds of the households residing in the
18 mobilehome park support the plans for acquisition and conversion
19 of the park.

20 (2) Verification that either no park residents shall be
21 involuntarily displaced as a result of the park conversion or the
22 impacts of the displacement shall be mitigated as required under
23 state and local law. For purposes of this requirement, compliance
24 with Section 66427.5 of the Government Code shall be
25 conclusively presumed to have mitigated economic displacement.

26 (3) Verification that the conversion is consistent with local
27 zoning and land use requirements, other applicable state and local
28 laws, and regulations and ordinances.

29 (4) Projected costs and sources of funds for all conversion
30 activities.

31 (5) Projected operating budget for the park during and after the
32 conversion.

33 (6) A management plan for the conversion and operation of the
34 park.

35 (7) If necessary, a relocation plan for residents not participating
36 that is in compliance with Chapter 16 (commencing with Section
37 7260) of Division 7 of Title 1 of the Government Code.

38 (e) The department shall, to the greatest extent feasible, do all
39 of the following:

- 1 (1) Require participation by cities and counties in loan
2 applications submitted pursuant to this chapter.
- 3 (2) Contract with private lenders or local public entities to
4 provide program administration and to service loans made pursuant
5 to this chapter.
- 6 (3) Give priority to applications for resident-owned parks.
- 7 (f) The department may provide technical assistance to loan
8 applicants, or may contract with a qualified nonprofit entity to
9 provide that technical assistance, and may include the reasonable
10 costs of the technical assistance as a part of the loan principal.

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